

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 PA-01
ICA-11 PM-05 NSC-05 SP-02 SS-15 TRSE-00 OMB-01
/076 W

-----103569 042242Z /45

R 042136Z AUG 78

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 8293

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E.O. 11652: N/A

TAGS: EAIR, CA

SUBJECT: CIVAIR: HUGHES AIRWEST FILINGS

REF: STATE 193957

1. SUMMARY. CTC TOLD US DECISION ON HUGHES AIRWEST REVIEW CAN BE EXPECTED DURING WEEK OF AUGUST 7. RESPONSE TO OUR PROPOSAL FOR CONSULTATIONS IS LIKELY AT ABOUT THE SAME TIME. THE HUGHES FARES HAVE NOT RECEIVED PRESS COVERAGE HERE. END SUMMARY.

2. EMBASSY HAS NOT BEEN APPROACHED BY CANADIAN PRESS WITH INQUIRIES ABOUT HUGHES AIRWEST FARES NOR HAVE WE SEEN ARTICLES PUBLISHED ON THIS ISSUE IN MAJOR CANADIAN NEWS-PAPERS OR MAGAZINES.

3. WE SPOKE TO STRANG (PARA 2 REFTTEL) WHO IS ASSISTANT SECRETARY OF CANADIAN TRANSPORT COMMISSION (CTC). HE TOLD US REVIEW COMMITTEE OF CTC ON AUGUST 1 HAD REFERRED HUGHES AIRWEST ISSUE BACK TO AIR TRANSPORT COMMITTEE FOR PRIORITY HANDLING AND DECISION. HE EXPLAINED THAT REVIEW COMMITTEE HAS OPTION OF DECIDING ISSUES PUT BEFORE IT FOR REVIEW

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OR, BECAUSE OF INVOLVED TECHNICAL NATURE OF MATTER OR OTHER CONSIDERATIONS, IT MAY DECIDE TO HAVE THE OPERATING COMMITTEE OF CTC (AIR, RAIL, PIPELINE, ETC.) COMPLETE THE REVIEW AND ISSUE A NEW DECISION. THE REVIEW COMMITTEE CHOSE THE LATTER COURSE IN THE CASE OF HUGHES AIRWEST'S PETITION. HE ASSURED US THAT ATC WILL ACT PROMPTLY (HE EXPECTS A DECISION BY ATC NO LATER THAN WEEK OF AUGUST 7).

ATC WILL BASE ITS DECISION ON DATA ALREADY COLLECTED BY THE REVIEW COMMITTEE.

4. FOLLOWING UP ON STRANG'S COMMENTS, WE MET WITH ATC (QUIRT, DIRECTOR, OPERATIONS BRANCH; SULLIVAN, CHIEF OF RATES AND SERVICES DIVISION; AND TWO OF SULLIVAN'S STAFF) AUGUST 3 TO DISCUSS STATUS OF MATTER AND EMPHASIZE OUR CONCERNS OVER ANY FURTHER DELAYS IN DECIDING ISSUE. THEY ASSURED US, AS STRANG HAD, THAT ATC INTENDS TO ACT QUICKLY ON HUGHES MATTER. IN RESPONSE TO QUESTION, SULLIVAN SAID THAT SHOULD ATC DECIDE IN HUGHES' FAVOR (THAT IS, TO ALLOW DISPUTED FARES OR ANY PART OF THEM TO GO INTO EFFECT), HE EXPECTED ATC WOULD ALLOW HUGHES ONE-DAY, EXPEDITED FILING SO THAT FARES APPROVED COULD GO INTO EFFECT ALMOST IMMEDIATELY FOLLOWING ANY POSITIVE ATC DECISION.

5. WHEN ASKED ABOUT ATC VIEWS ON OUR REQUEST FOR CONSULTATIONS WEEK OF AUG. 28, QUIRT POINTED OUT THAT THERE ARE THREE ISSUES NOW BEFORE ATC RELATED TO HUGHES AIR FARES: THE US REQUEST THAT THE FARES BE PERMITTED TO GO INTO EFFECT IMMEDIATELY ON A PROVISIONAL BASIS PENDING THE OUTCOME OF CONSULTATIONS; THE PROPOSAL WE HAVE MADE FOR CONSULTATIONS ON THE HUGHES FARES; AND THE REVIEW OF ATC'S PREVIOUS SUSPENSION REQUESTED BY HUGHES. HE SAID THE EXPECTED EARLY DECISION ON THE REVIEW APPEARED TO HAVE OVERTAKEN OUR REQUEST FOR PROVISIONAL APPROVAL. IN LIMITED OFFICIAL USE

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ADDITION, HE WONDERED IF THE US WOULD STILL WISH TO CONSULT IN LATE AUGUST IF ATC, IN FACT, HAD ALREADY MADE A DECISION ON THE HUGHES FARES IN THE NEXT SEVERAL DAYS. WE TOLD QUIRT THAT THE US WISHED TO CONSULT ABOUT THE HUGHES ISSUE INCLUDING, PERHAPS, A MORE GENERAL DISCUSSION OF FARES, NO MATTER WHAT ATC DECIDES ON THE QUESTION. IN RESPECT TO THE PROVISIONAL APPROVAL WE HAD REQUESTED, WE SAID WE CONTINUED TO BELIEVE THAT IN FAIRNESS TO HUGHES SUCH APPROVAL WOULD BE APPROPRIATE, PARTICULARLY IF THERE WERE TO BE ANY FURTHER DELAY IN ATC'S DECISION ON THE REVIEW. QUIRT SAID HE WOULD SEE TO IT THE ATC RECEIVED OUR VIEWS.

6. IN REGARD TO THE CONSULTATIONS, QUIRT AND SULLIVAN ASKED ABOUT ISSUES OTHER THAN THE HUGHES FARES WE MAY WANT TO COVER. WE POINTED OUT THAT THE HUGHES FARES REMAINED THE PRIMARY ISSUE BUT THAT THE MEETINGS COULD ALSO PROVIDE AN OPPORTUNITY FOR BROADER, INFORMAL FARE DISCUSSIONS. IF THE US WISHED TO INCLUDE ANY SPECIFIC ITEMS WE SAID WE WOULD INFORM THE GOC IN SUFFICIENT TIME BEFORE THE DATE OF THE TALKS TO ALLOW ATC TO PREPARE ITS POSITION. IN REGARD TO ISSUES WHICH MIGHT BE CONSIDERED, SULLIVAN NOTED ATC IS PLANNING TO EXTEND ITS

FILING TIME TO 45 DAYS AND THOUGHT A DISCUSSION OF HOW TO HANDLE THE TIME FOR NOTICES OF DISSATISFACTION UNDER SUCH AN INCREASED FILING TIME (AS THE US ALSO HAS ADOPTED) MIGHT BE USEFUL. HE ALSO INDICATED TWO OTHER MATTERS (CAB'S INTENTION TO REDUCE ITS EFFORTS IN THE AREA OF TARIFF COMPLIANCE AND THE EXTENSION OF CUT-RATE US CARRIERS' SYSTEM-WIDE DOMESTIC FARES TO CANADA, MEXICO AND THE CARIBBEAN) COULD CAUSE PROBLEMS FOR CANADA AND MIGHT WELL BE CONSIDERED DURING THE CONSULTATIONS. HE NOTED ON THE LATTER POINT THAT SUCH FARES CAN AND DO UNDERCUT FARES AGREED BY CANADA, MEXICO AND CARIBBEAN COUNTRIES WITHIN IATA MECHANISM. HE POINTED OUT THAT WHILE IN THE

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PAST CANADA HAD ACCEPTED WITH LITTLE STUDY CROSS-BORDER FARES OF US CARRIERS APPROVED BY CAB, IN THE FUTURE, CONSIDERING NEW, LESS CONTROLLED FARE POLICY OF US, THAT SITUATION MAY HAVE TO CHANGE.

7. COMMENT: IT IS OUR IMPRESSION FROM BOTH CTC AND ATC THAT CANADIANS ARE EMBARRASSED BY BUREAUCRATIC DELAYS IN HANDLING HUGHES REVIEW PETITION AND WE CAN NOW EXPECT QUICK ACTION ON THE ISSUE. IN ADDITION, WE SHOULD RECEIVE EARLY RESPONSE TO OUR PROPOSAL FOR CONSULTATIONS.
ENDERS

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